



Fitch Rates La Hipotecaria El Salvadorian Mortgage Trust 'AAAsf'; Outlook Stable

Fitch Ratings-Chicago-26 September 2016: Fitch Ratings has assigned the following ratings to La Hipotecaria Thirteenth Mortgage-Backed Notes Trust and La Hipotecaria El Salvadorian Mortgage Trust 2016-1:

La Hipotecaria Thirteenth Mortgage-Backed Notes Trust
--\$39.6 million series A senior notes 'BBsf'; Outlook Stable;

La Hipotecaria El Salvadorian Mortgage Trust 2016-1
--\$33.75 million series 2016-1 certificates 'AAAsf'; Outlook Stable.

Fitch's rating addresses the timely payment of interest on a monthly basis and ultimate payment of principal by legal final maturity in December 2045.

KEY RATING DRIVERS

OPIC Guaranty

The timely payment of interest and ultimate payment of principal of the series 2016-1 certificates are guaranteed by OPIC, an agency backed by the full faith and credit of the U.S. (rated 'AAA'/Stable Outlook); this allows the certificates to be rated 'AAAsf'.

Available Credit Enhancement

The series A notes benefit from 12% credit enhancement (C/E) in the form of subordinated notes, an interest reserve fund equivalent to 1.0625% of its balance in the form of a Letter of Credit and excess spread.

Structural Features

The series A notes benefit from a sequential pay structure, where the target C/E level is senior to interest payments and to the target principal payments on the subordinated notes.

Origination and Servicing

La Hipotecaria has acquired an expertise in originating and servicing mortgages for low-to-middle-income borrowers. Fitch currently rates five other RMBS transactions backed by mortgages originated by La Hipotecaria.

Sovereign and Macroeconomic Performance

El Salvador's Issuer Default Ratings (IDRs) are 'B+'/Outlook Stable and its country ceiling (CC) is rated 'BB'. As a result of the macroeconomic environment, the stresses applied to foreclosure frequency, recoveries and prepayments are higher to ensure that the structure can withstand significant periods of stress; the series A notes' rating is capped by the CC.

RATING SENSITIVITIES

The rating assigned to the 2016-1 certificates is sensitive to changes in the credit quality of the U.S. sovereign, as OPIC is an agency of the U.S.

The rating of series A notes is sensitive to changes in the credit quality of El Salvador. A downgrade of El Salvador's ratings, specifically its country ceiling ('BB'), could lead to a downgrade on the notes. Material increases in the frequency of defaults and loss severity on defaulted receivables could produce loss levels greater than Fitch's base case expectations, which in turn may result in negative rating actions on the notes. Fitch's analysis revealed that a 30% increase in the weighted average foreclosure frequency (WAFF), along with a 30% decrease in the weighted average recovery rate (WARR), would imply a downgrade of the series A notes to 'BB-sf' from 'BBsf'.

More detailed model implied ratings sensitivity can be found in the new issue report which is available at www.fitchratings.com.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO SEC RULE 17G-10

Fitch was provided with Form ABS Due Diligence-15E (Form 15E) as prepared by KPMG, S.A. The third-party due diligence described in Form 15E focused on credit, valuation, the presence of key documents in the loan file and data integrity. The review was conducted on a sample of 85 mortgages. Fitch considered this information in its analysis and it did not have an effect on Fitch's analysis or conclusions.

REPRESENTATIONS, WARRANTIES AND ENFORCEMENT MECHANISMS

A description of the transaction's representations, warranties and enforcement mechanisms (RW&Es) that are disclosed in the transaction documents and which relate to the underlying asset pool is available by accessing the appendix referenced under "Related Research" below. The appendix also contains a comparison of these RW&Es to those Fitch considers typical for the asset class as detailed in the Special Report titled "Representations, Warranties and Enforcement Mechanisms in Global Structured Finance Transactions," dated May 31, 2016.

TRANSACTION SUMMARY

The \$39.6 million series A senior notes are backed by residential mortgages made to lower-middle-income borrowers in El Salvador by La Hipotecaria S.A. de C.V. In addition, the Thirteenth Mortgage Trust issued \$4.5 million in series B notes and \$0.9 million in series C notes, which have not been rated.

Approximately \$33.75 million of the \$39.6 million series A senior notes have been transferred to a U.S. grantor trust (La Hipotecaria El Salvadorian Mortgage Trust 2016-1). The U.S. trust has issued \$33.75 million in 2016-1 certificates, which are pass-through certificates. The 2016-1 certificates benefit from a guaranty by OPIC.

La Hipotecaria, S.A. de C.V. has had a presence in El Salvador since October 2003. La Hipotecaria S.A. de C.V. is a nonbank financial services company, mortgage originator and mortgage loan servicer.

For more details on the transaction see Fitch's new issue report 'La Hipotecaria El Salvadorian Mortgage Trust 2016-1' dated September 26, 2016.

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Additional information is available at www.fitchratings.com.

Applicable Criteria

Counterparty Criteria for Structured Finance and Covered Bonds (pub. 01 Sep 2016) (<https://www.fitchratings.com/site/re/886006>)
Criteria for Country Risk in Global Structured Finance and Covered Bonds (pub. 26 Sep 2016) (<https://www.fitchratings.com/site/re/881269>)
Global Structured Finance Rating Criteria (pub. 27 Jun 2016) (<https://www.fitchratings.com/site/re/883130>)

Latin America RMBS Rating Criteria (pub. 17 Dec 2015) (<https://www.fitchratings.com/site/re/874906>)

Related Research

La Hipotecaria El Salvadorian Mortgage Trust 2016-1 (<https://www.fitchratings.com/site/re/888044>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1012194&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJzZXNzaW9uS2V5IjoiUURQTzNOUjZWUzIUR0JMWEeYRUZWSzMwVU9UMUNaVFZFUePjUT1pDWiIsImV4cCI6MTQ4NzAxNmZNSwidXNlckkljoxNjc0NzEwfQ.a3X7pd9296HeeJoeA_VHuOmSLf6s8BeHteYur5cyif0)

ABS Due Diligence Form 15E 1 (https://www.fitchratings.com/creditdesk/press_releases/content/ridf15E_frame.cfm?pr_id=1012194&flm_nm=15e_1012194_1.pdf&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJzZXNzaW9uS2V5IjoiUURQTzNOUjZWUzIUR0JMWEeYRUZWSzMwVU9UMUNaVFZFUePjUT1pDWiIsImV4cCI6MTQ4NzAxNmZNSwidXNlckkljoxNjc0NzEwfQ.a3X7pd9296HeeJoeA_VHuOmSLf6s8BeHteYur5cyif0)

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